

CROSS EXAMINATION INDEX
PSE Joint Application for Sale of Non-Controlling Interest
Docket U-180680

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2017 Service Quality Report Card

| Key Measurement | Benchmark | 2017 Performance | Achieved |
|--|-------------------------------|---------------------|----------|
| Customer Satisfaction | | | |
| Percent of customers satisfied with our Customer Care Center services, based on survey | At least 90 percent | 93 percent | ✓ |
| Percent of customers satisfied with field services, based on survey | At least 90 percent | 94 percent | ✓ |
| Number of complaints to the WUTC per 1,000 customers, per year | Less than 0.40 | 0.20 | ✓ |
| Customer Services | | | |
| Percent of calls answered live within 30 seconds by our Customer Care Center | At least 75 percent | 78 percent | ✓ |
| Operations Services | | | |
| Frequency of non-major-storm power outages, per year, per customer | Less than 1.30 outages | 1.20 outages | ✓ |
| Length of non-major-storm power outages per year, per customer | Less than 2 hours, 35 minutes | 2 hours, 55 minutes | |
| Time from customer call to arrival of field technicians in response to electric system emergencies | No more than 55 minutes | 55 minutes | ✓ |
| Time from customer call to arrival of field technicians in response to natural gas emergencies | No more than 55 minutes | 32 minutes | ✓ |
| Percent of service appointments kept | At least 92 percent | 100 percent* | ✓ |

* Percent in table rounded up from 99.6 percent result.

Each year Puget Sound Energy measures service-quality benchmarks established in cooperation with the Washington Utilities and Transportation Commission (WUTC), the Public Counsel Unit of the Attorney General's Office and other parties to gauge how well we deliver our services to you and all of our customers.

2017 Performance Highlights

In 2017 we met eight of our nine service metrics (see chart above).

We missed the benchmark for the amount of time to restore power outages, primarily due to damage caused by fallen trees and limbs during stormy weather. In 2017, several major weather events hit our region. While the most severe days are excluded from the measurement, the days spent restoring power before and after the excluded days contributed to the lengthy restoration time. In addition, there were several non-major storms, primarily affecting customers in the northern part of our service territory that contributed to missing the benchmark. Fallen trees caused significant damage and outages at multiple locations, adding to the amount of time it took our teams to get from one location to another to repair the damage and restore service.

We have three service guarantees. We credit your bill \$50 if we fail to meet these guarantees.

- Keeping scheduled appointments
- If your power is out for 120 consecutive hours or longer during any power outage
- If your power is out for 24 consecutive hours or longer during a non-major-storm power outage

We credited customers a total of \$23,250 for missing 465, or 0.4 percent, of our total 114,004 service guaranteed appointments.

We credited six customers under the 120 consecutive-hour service guarantee and 250 customers under the 24 consecutive-hour guarantee.

Every day our employees continually aim to achieve new levels of providing safe, dependable and efficient service to meet your expectations of us.

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

Docket U-180680

Sale of Non-Controlling Interest in Puget Holdings LLC

WNIDCL DATA REQUEST NO. 028:

Identify Key Performance Indicators "KPI" for executive management in relation to safety performance metrics for both in-house and for outside contractor personnel.

Response:

Puget Sound Energy ("PSE") executives have a performance measure related to employee safety but not one related to outside contractor personnel.

All regular status PSE employees participate in PSE's annual Goals & Incentive Plan, including executive management. Employee safety measures were added as part of the Goals & Incentive Plan's funding in 2012. Information about the employee safety measures have been reported in the Form 10-K filing for PSE for each year, beginning with 2012. The following excerpt is from PSE's Form 10-K, dated March 2, 2018, for 2017 calendar year 2017:

2017 Annual Incentive Compensation

All PSE employees, including the Named Executive Officers, are eligible to participate in an annual incentive program referred to as the "Goals and Incentive Plan." The plan is designed to provide financial incentives for achieving desired annual operating results, measured by [earnings before interest, tax, depreciation and amortization (EBITDA)], while also meeting [PSE's] service quality commitment to customers and an employee safety measure. EBITDA was selected as a performance goal because it provides a financial measure of cash flows generated from [PSE's] annual operating performance.

For 2017, [PSE's] service quality commitment was measured by performance against nine Service Quality Indicators (SQIs) covering three broad categories, set forth below. These are the same SQIs for which [PSE] is accountable to the Washington Commission. Annual incentive funding is decreased if a SQI is not achieved. [PSE's] annual report to the Washington Commission and our customers describes each SQI, how it is measured, [PSE's] required level of achievement, and performance results. [PSE's] service quality report cards are available at <http://www.PSE.com/PerformanceReportCards>.

The SQIs for 2017 were the same as those in 2016 and were as follows:

- Customer Satisfaction (3 SQIs) - Customer satisfaction with the telephone access center and natural gas field services and number of Washington Commission complaints.
- Customer Service (2 SQIs) - Calls answered “live” and on-time appointments.
- Safety and Reliability (4 SQIs) - Gas emergency response, electric emergency response, non-storm outage frequency and non-storm outage duration.

In 2017, [PSE] retained a safety performance measure in the annual incentive plan funding to promote its continued commitment to employee safety. The employee safety measure functions similarly to the nine SQIs in determining the funding of the annual incentive plan. That is, if the safety measure is not achieved, annual incentive funding will be decreased by 10%, in the same way as a missed SQI. The safety performance measure contains three targets which must all be satisfied for the safety measure to be treated as met. The three targets for 2017 were:

- All employees attend a monthly safety “meeting in a box” presentation, or complete the same content online. The target completion rate is no less than 95%.
- The Company DART (Days Away from Work, days of Restricted Work, or Job Transfer) not to exceed a rate of 0.52 in 2017.
- All employees complete an online defensive driving training. The target completion rate is no less than 95%.

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

**Docket U-180680
Puget Sound Energy
Sale of Non-Controlling Interest in Puget Holdings LLC**

WNIDCL DATA REQUEST NO. 018:

Detail annual amounts spent on training for contractor employees from 2007 to present, including a breakdown on how such funds were spent.

Response:

Puget Sound Energy (“PSE”) objects to WNIDCL Data Request No. 018 as beyond the scope of WNIDCL’s participation in this matter as provided by the WUTC in Prehearing Order 03, Paragraph 17, which limits WNIDCL’s participation as follows:

WNIDCL will be limited to matters specifically addressing the safety and reliability of service to customers where its members are actually involved in the provision of such service. We expressly decline to consider any labor relations matters in this proceeding covered by the collective bargaining agreement. In the event it becomes clear later in the proceeding that WNIDCL’s continued participation is not in the public interest, the Commission has the authority to dismiss WNIDCL as an intervenor.

PSE also objects to WNIDCL Data Request No. 018 as overbroad and unduly burdensome as it requests information from 2007 to present, not reasonably calculated to lead to the discovery of admissible evidence as it seeks information that is irrelevant and beyond the scope of this proceeding, and vague and ambiguous.

Without waiving these objections and subject thereto, PSE does not track training spending by contractors. Contractors are contractually required to provide any necessary training to ensure that their employees are properly qualified and trained to perform the applicable scope of work.

PSE’s electric and gas Service Providers (Potelco and InfraSource) contribute to union training funds in accordance with the terms of their respective union contracts.